

**Remarks Given by
Lieutenant Governor Becky Skillman
February 14, 2007, Indianapolis, IN
Association of Indiana Counties**

Yes, I am from state government and I am here to help you!

It is always like a homecoming to speak to this group. I see a lot of familiar faces out there, and it's good to reminisce about my county government days – which I loved! In fact, in the early days, when I was lobbying for county government as part of my duties as President of the AIC, I began to think, “you know, I could do a better job than some of these folks.” I'm sure many of you are probably thinking the same thing today! But it got me to run for Senate – then Mitch convinced me to run with him. And here I am.

It's a new year, a new legislative session and the mid-point of our term in office. Time has flown by. We have come a long way, and the next few months will determine how much further we will be able to go. The state house is full of activity – and I love it. It's my favorite time of year in state government. This year, we have a lot to accomplish.

You should be proud of the diligent, hard workers you have on staff – those who have the responsibility to follow targeted legislation. The fast pace can be mind-boggling. Your AIC staff does an incredible job of representing you. I know they track literally hundreds of bills, testify in committees, and help answer constituent questions. They are often begged to come testify on bills by the legislators they help – and they do a great job under tremendous pressure.

INDIVIDUAL ECONOMIC FREEDOM

I don't know about you, but I didn't get into government and politics because it's an easy line of work. I got in because I love the challenge. Because I love Indiana, and I love the people who live in Indiana.

There are 6.2 million Hoosiers, and it's my job, the Governor's job, our administration's job to serve all of those people. It is your job to serve the people in your counties. And everything we do – every policy, every attempt to be more efficient – it's all because Hoosiers are gaining something from it. Better jobs, better schools, better futures.

Indiana can be a place of prosperity for all Hoosiers. Governor Daniels and I know that government doesn't create wealth, but good government can certainly create the conditions where wealth can grow. That's what we are striving for.

I'm proud that we have so many partners in our efforts to revitalize our communities gathered here today. I know that county government can be a very exciting, but very harrowing place to be — and I appreciate your willingness to step up to the plate and serve your friends and neighbors. Hopefully, the plans we have for the future will make your jobs a little easier.

JOBS AND INVESTMENT

When the Governor and I assumed office, we made it our mission to create a business-friendly environment and bring in new jobs. Rebuilding Indiana's economy is our driving force. And we have made progress in every region of the state.

Thirty years ago, Hoosier incomes were on par with the rest of the country. You could go to work in Indiana and expect to make the same wage as anyone else in America. Today, our people earn only 90 cents on the dollar. That's not good enough.

We want to make our state the long-term choice for investors – so that Hoosiers will have more jobs and better jobs. So our children will have the kinds of opportunities that will keep them in Indiana to raise their own families and build their own businesses. We have a long road ahead of us, and our goal is still a long way off – but Indiana's comeback has begun.

ACCOMPLISHMENTS

2006 was a banner year for our state. We honestly balanced the budget, far ahead of schedule. We improved our state's credit rating – which has helped us attract a lot of new investment.

We closed 189 competitive projects and brought more than 22,500 new jobs to Hoosiers in 2006 alone. And I might add that the average wage for these new jobs is about \$42 thousand a year – roughly \$20 per hour.

These days, when Indiana competes with other states for new jobs, we win 90 percent of the time. All our deals last year represent more than 8 billion

dollars (\$8.28 b.) in private capital investment in our state. And we are planning to top that number in 2007 – with a high number of projects already in the pipeline.

Many of you in this room played some role in – and deserve credit for – the success of these economic development projects. I'm really proud of what you have done on the county level to benefit your entire REGION.

We know that Indiana's economy is regional. Each region contributes unique strengths and resources to the whole state. By creating incentives and removing barriers, we want to partner with you to think, act and plan regionally. None of the investment we've seen over the past two years has happened in a vacuum. The new industries in Anderson, Greensburg and Lafayette represent HUGE GAINS for the surrounding communities, not just the folks who live inside the city limits.

It is essential that we continue to work together to rebuild Indiana's economy. Together – not at odds with each other – so that we can effectively combine our assets and strengths to create jobs and growth. And let me also note that our cooperation should extend beyond common efforts at economic development. We should always be working toward greater local cooperation and collaboration.

So, how do we move forward?

LEGISLATIVE AGENDA

The 2007 legislative session is in full swing, and we have big ideas we want to see put into action. First, we will maintain an honestly balanced state budget by limiting new spending. We worked hard to balance the budget in just one year, by reducing spending and improving efficiency. It would be irresponsible to throw that away.

We will strengthen K-12 education, first and foremost by offering full-day kindergarten - to get our very youngest Hoosiers off to the best possible start. Our proposal is for Full-day Kindergarten to be phased in over the next three years. The most at-risk kids—those eligible for free and reduced lunch—would be offered the option first. The program would be mandatory for schools to offer, but VOLUNTARY for families.

And, we would provide health insurance for more than 100,000 Hoosiers who are currently uninsured, while reducing smoking rates – especially among kids – and immunizing more Indiana children. I know you are all keenly aware of how much it costs to provide health care for your employees. And, everyone ends up picking up the check for the uninsured. We want to do something about the rising costs. Our health plan emphasizes personal responsibility for good health care choices, and the plan would be funded by an increase in cigarette tax.

PROPERTY TAX - FISCAL HOME-RULE

Now that I've mentioned the white elephant in the room – taxes – I'll go a step further and say that the Governor and I are ready to tackle our state's property tax problems. We strongly believe in fiscal "home-rule." Indiana has given local government every other kind of home-rule, but stopped short of perhaps the most important part – taxing and spending decisions. It's time for local officials to make those decisions and to be accountable for them as well.

I know property taxes are a burden to local government, but you can help lighten the load. Many legislators don't have the benefit of county government experience to guide them toward the policy you need. We need you to make sure you tell them, loud and clear, what you think. Property taxes need to be changed in Indiana. A lot of legislators and business leaders think that fiscal home rule just means higher taxes for them in the long-run.

We are open to new ideas – ideas that are aimed at protecting taxpayers and recognizing local government's need to pay of the growing costs of vital public services. Now is the time to speak up if you have a good idea. We need to hear your voices weigh in.

We also want to improve our tax and benefit systems for our soldiers and veterans who have sacrificed for our freedoms. This includes:

- Exempting all military pay earned during combat duty from state income tax.
- Increasing the maximum allowable income tax deductions on military pay from \$2,000 to \$5,000 a year.
- Providing state matching funds of up to \$350,000 per year for the Indiana Military Families Relief Fund.

HIGHER ED

We are working to support Indiana's bravest, and we're also working to encourage Indiana's brightest. We must make the brain drain a thing of the past. Our proposal would offer an incentive for university students – forgivable loans for our top students who pledge to remain in the state after graduating. We will also work to attract excellent faculty and renowned researchers. We want to promote excellence in higher education and keep graduates in our state, so they can work for Hoosier employers—like you.

We would fund our higher ed plan by franchising the Hoosier Lottery for a fixed term to a contractor. The contractor will run the Lottery and make payments to the state - at the current level, with the same amount of dollars for pension funds. This is a sound business plan and a good deal for Hoosiers.

Another important step forward for Hoosiers is the continued improvements of our state's infrastructure. We want to build an Indiana Commerce Connector – An outer beltway, miles out from I-465, connecting six interstates through Morgan, Johnson, Shelby, Hancock and Madison counties.

The Commerce Connector will link economic growth centers such as Martinsville, Franklin, Shelbyville, Greenfield and Pendleton. It will spur new business and future development. And it will ease traffic congestion.

We also want to ease the traffic problems that are impeding growth in Northern Indiana. The Illiana Expressway would connect Indiana's I-94 to I-57 in Illinois. The Illiana would stimulate jobs along its route, help the economy in a whole host of ways, and improve the quality of life in the Region. The Illiana would be publicly owned but built with private funds and operated under contract as a toll road.

CONCLUSION

So much progress has been made in a short period of time. We have new and better highways, a balanced budget, and a great economic comeback under way. Our plans for the future – full day kindergarten, higher education, infrastructure and property tax reform are going to keep moving us forward.

The best part is that our plans don't require general tax increases. We're getting the funding we need by balancing the budget and keeping a tight rein on state spending. We're thinking outside the government box – thinking like a business – and making state government more efficient. It's up to all of us to take advantage of the opportunities that are coming our way.

Our state is moving forward. Our counties, cities and towns are where our accomplishments are most tangible. Grant dollars rebuilding main streets, giving new businesses the capital they need to get started. We need to hear your voice in the debates before the General Assembly as decisions are being made.

Because ultimately, it is you, people who are willing to put the effort into economic development, to be proactive and think about the future, who will be the ones who secure Indiana's complete economic comeback.

I want to thank you for your service as I close today. The demands of public service are more and more difficult and complex at every level of government. It takes all of us working together to care for our mutual constituents.

Thanks for having me back today.